



cutting through complexity

City of Norfolk, Virginia

**Presentation of Audit Results
Year ended June 30, 2014**

January 27, 2015

Agenda

- **Summary of Audit Results**
- **Review of Required Communications**
- **Review of Internal Control and A-133 Results**

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Audit of the financial statements for the year ended June 30, 2014

- Audit of June 30, 2014 financial statements is complete
 - “Clean” opinion issued on the financial statements
 - Issued required government auditing standards report
 - A-133 audit of Federal programs and certain state requirements completed – to be discussed further below

Required Communications related to the Audit

- Our responsibility and responsibility of management
- Required communications regarding the conduct of the audit
 - We have read the other information included in the financial statements for consistency. We have not performed any audit procedures over the information.
 - Accounting policies and alternative treatments
 - Significant accounting policies – City adopted GASB 65 and 67
 - Qualitative aspects of accounting practices
 - Management judgments and accounting estimates
 - Accrual for self insurance, including new health insurance program
 - Pension and other postemployment benefits
 - Adjustments recorded as a result of the audit are attached to the letter documenting the required communications.
 - No disagreements with management on financial accounting and reporting matters
 - To the best of our knowledge, there have been no consultations with other accountants
 - The audit was not completed in accordance with the established schedule due to significant turnover in personnel at the City.
 - We confirm our independence in accordance with professional standards

Discussion of Internal Control and A-133 Audit

- There were no material weaknesses in internal control at the financial statement level.
- Certain suggestions for improvement in internal control were discussed with management.
- A-133 audit was completed
 - The City expended \$90.3 million in Federal assistance during FY14, of which approximately \$1.2 million was ARRA funding.
 - 9 programs were audited – 3 at Norfolk Public Schools, 6 at the City.
 - All programs that receive Federal assistance in excess of \$2,700,000 are subject to audit at least once every three years. Certain smaller programs are audited each year based on their individual and collective risk profiles.
 - Scoping will change in FY 2016 with implementation of the Uniform Guidance.

A-133 Audit Findings

- Certain reportable findings were noted during the A-133 audit and are described in the Compliance Section of the CAFR.
 - CDBG and Home- Cash Management (#1)
 - CDBG and Home- Subrecipient Monitoring (#2)
 - CDBG and Home – Reporting (#3 and 5)
 - Home- Matching, Level of Effort, and Earmarking (#6)
 - Title I, Part A and School Improvement – Procurement, Suspension, and Debarment (#7)
 - Title I- Special Tests – Comparability (#8)
 - TANF – Child Support Enforcement (#9)
 - TANF – Eligibility (#10)
 - HIV – Allowable costs (#11)
 - HIV – Matching, Level of Effort, and Earmarking (#12)
- Three APA findings were noted.



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